

**MINUTES OF THE  
CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

For the meeting held on  
Tuesday, December 20, 2007 – 1:30 p.m.  
1001 I Street, Second Floor  
Sierra Hearing Room  
Sacramento, California 95814

Chairwoman Evelyn Matteucci called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:35 p.m.

**1. Call To Order and Roll Call.**

Evelyn Matteucci represented the Secretary of the Business, Transportation and Housing Agency.

Paul Rosenstiel represented the State Treasurer.

Michael Saragosa represented the Secretary of the State and Consumer Services Agency.

Anne Sheehan represented the Director of the Department of Finance.

D. Everett Rice, Governor's appointee, joined the board at approximately 1:45 p.m.

The following I-Bank staff members were in attendance: Stan Hazelroth, Roma Cristia-Plant, Barbara Lewis, Diane Cummings and Shelly Renner.

**2. Executive Director's Report.**

Executive Director Stan Hazelroth reported to the Board that Standard & Poor's had just downgraded ACA Financial Guaranty Corporation (ACA) from an "A" to a "CCC." Mr. Hazelroth stated that two I-Bank conduit bond borrowers have ACA bond insurance--COPIA: The American Center for Wine, Food and the Arts and the Port of Stockton. Mr. Hazelroth stated that the two borrowers are obligated to file a Material Event Notice in accordance with their respective continuing disclosure agreements, and that the I-Bank has taken the additional step of reminding these two borrowers of this requirement via email. He also apprised the board that that it was his understanding that COPIA would be filing its notice within the next few days, and that Mr. Roger Davis of Orrick, Herrington and Sutcliff LLP (Orrick) confirmed that the I-Bank has no immediate obligation resulting from the insurer downgrade with respect to the COPIA bonds.

Mr. Hazelroth also advised the Board that Mr. Bob Feyer of Orrick, will make a presentation at the January board meeting regarding conduit issuer disclosure requirements, that the I-Bank staff has been spending considerable time responding to requests from the Legislative Analyst's Office regarding the range and depth of our programs, and that staff is continuing to conduct personnel work with CPS, citing the Budget Change Proposal that was recently completed and submitted to the Department of Finance, and continuing work on a study of the I-Bank's classifications aimed at preventing the loss of trained personnel to other agencies with similar jobs and higher pay scales.

**Consent Items:**

**3. Approve minutes from the meeting held on November 20, 2007.**

Chairwoman Matteucci asked if there were any questions or comments from the Board or those present regarding the minutes. There being none, she entertained a motion to approve the consent item. Ms. Sheehan moved to approve the minutes and Mr. Rosenstiel seconded the motion. The Board unanimously approved the minutes.

**Action Items:**

**4. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the St. Margaret of Scotland Episcopal School, or a related party (San Juan Capistrano) for an amount not to exceed \$25,000,000.**

Ms. Lewis presented a staff report that described the project, which involves the financing of new school facilities and the refinancing of existing debt related to previous campus development, including the: acquisition of land and the construction and/or renovation of various educational buildings and parking lot improvements. Ms. Lewis also apprised the Board that bond counsel provided staff with a memo regarding the eligibility of the school and the project for tax-exempt conduit bond financing.

Ms. Lewis introduced: David Bush, Director of Finance & Operations, St. Margaret of Scotland Episcopal School; Dirk tenGrotenhuis, Underwriter, Stone & Youngberg LLC; and, Gene Carron, Bond Counsel, Orrick, Herrington & Sutcliffe.

Chairwoman Matteucci asked for any questions or comments from the Board or those present. There being none, she entertained a motion to approve Resolution No. 07-35. Ms. Sheehan moved to approve the resolution and Mr. Saragosa seconded the motion. The Board unanimously approved the resolution.

**5. Adopt resolution approving the sale, issuance and delivery of 501(c)(3) revenue bonds for the California Academy of Sciences, or a related party (San Francisco) for an amount not to exceed \$300,000,000.**

Ms. Lewis presented a staff report in which she briefly described the purpose of the proposed resolution and explained that at the I-Bank Board meeting held on November 20, 2007, the Board approved the issuance of \$275,000,000 of tax-exempt 501(c)(3) revenue bonds for the Academy. She further explained that since the Board's November action, the Academy has identified additional eligible tax-exempt project costs and has requested augment the approved tax-exempt bond financing amount by \$25,000,000. She clarified that the resolution to be considered at this meeting in the amount of \$300 million will replace the resolution approved by the Board at the November meeting.

Chairwoman Matteucci asked for any questions or comments from the Board or those present. Paul Rosenstiel inquired about the expected bond issuance date and whether the increase in bond financing was due to project cost increases. Ms. Lewis responded that the bonds are expected to be issued in late January, and that the increase in the bond financing request was principally due to the identification of additional tax-exempt project costs after further due diligence by bond counsel, and that only approximately \$1.5 million of the increased amount involved newly identified project costs.

Chairwoman Matteucci entertained a motion to approve Resolution No. 07-36. Mr. Rosenstiel moved to approve the resolution and Mr. Saragosa seconded the motion. The Board unanimously approved the resolution.

**6. Adopt resolution approving Infrastructure State Revolving Fund Program financing for the City of Sacramento in an amount not to exceed \$3,500,000.**

Ms. Cummings presented a staff report in which she described the City of Sacramento's Basin 31 Detention Basin at 65<sup>th</sup> and Broadway Project, which is to include the acquisition of two parcels of land totaling 6.95 acres and the construction of a 5.44 acre drainage detention basin. Ms. Cummings stated that the overall purpose of the project is to provide improved flood protection for the adjacent neighborhood and to allow additional infill development. She also explained that \$ million in financing for the project was previously approved by the Board on May 23, 2006, that due to unanticipated delays with the land acquisition, the City was not able to execute the I-Bank's financing agreement prior to the expiration of the I-Bank's funding commitment, and that additional grant funds were committed to the project lowering the City's current financing request.

Ms. Cummings introduced: Joe Robinson, Sr. Sacramento Deputy City Attorney; Dave Brent, Sacramento Department of Utilities Engineering Manager; and, Celia Yniguez, Sacramento Housing and Redevelopment Agency Redevelopment Manager.

Chairwoman Matteucci asked for any questions or comments from the Board or those present. There being none, she entertained a motion to approve Resolution No. 07-37. Ms. Sheehan moved to approve the resolution and Mr. Rosenstiel seconded the motion. The Board unanimously approved the resolution.

**Other Business.**

Chairwoman Matteucci called for any other business; there was none.

**Public Comment.**

Chairwoman Matteucci called for any public comment; there was none.

**Adjournment.**

Chairwoman Matteucci entertained a motion to adjourn. Ms. Sheehan moved to approve the motion and Mr. Rosenstiel seconded the motion. Chairwoman Matteucci adjourned the meeting at approximately 2:11 p.m.